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CONFIDENTIAL

14 JAN 1969

MEMORANDUM FOR: Director of Logistics

SUBJECT : Appraisal of Special Contract and Procurement Branch, OEL, DD/S&T

REFERENCE : Memo dtd 5 Apr 68 fr D/L to Chmn/CRB, subject: Periodic Appraisal of Directorate Procurement

1. This is the first appraisal of the general operating policies, practices, and procedures of the Special Contract and Procurement Branch, Office of Elint, Deputy Director for Science and Technology. Conversations relating to this study were held with [redacted] Chief of the Procurement Team, and [redacted] 25X1 [redacted] Acting Chief of the Team. [redacted] illness precluded finishing the conversation with him.

2. [redacted] reported to the DD/S&T on 22 January 1968. He proceeded to set up the details of operation, requirements for personnel and space, and the other elements required for operation. The team negotiates, effects, administers, and settles research and development contracts for the OEL, DD/S&T.

3. The personnel who have been affiliated with this activity have shown themselves to have been well-chosen. Three employees (including Messrs. [redacted] 25X1 [redacted] are involved in day-to-day contract negotiations and administration. Additionally, [redacted] in particular, spends much time in liaison work, meeting attendance, and the other efforts involved in maintaining a close personal relationship with DD/S&T people. The security officer is from the DD/S&T Security Staff and the audit representative was assigned from ICAD/OF. Fitness reports for these personnel are originated at DD/S&T and are reviewed by the career entities to which they belong. There are two clerical employees who occupy OEL personnel slots.

4. The personnel of the contracting team, led by [redacted] are most 25X1 cognizant of one of the primary requirements for this type of activity. They have individually and collectively made great strides in becoming parts of the DD/S&T complex with which they are concerned. [redacted] attends the Thursday morning 25X1 meetings of the OEL Program Review Board and, at this gathering, becomes aware of forthcoming procurements, sources to be used, technical situations, and other facets. When deemed desirable, the audit representative attends the meetings in company with [redacted] In addition to these meetings, [redacted] spends much 25X1 time each morning personally visiting the various offices and discussing individual problems and plans. He also participates in contract negotiations and administrations in addition to his supervision duties toward the contracting team.

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5. [redacted] considers the physical location of the team to be less than ideal. OEL is located on the fifth floor of Headquarters building, while the contracting team is on the first floor. This problem has had previous discussion, but to date, there has been no practical solution found.

6. The personnel find no restrictions on the required official travel which they perform. This is not of great volume and is supported from the funds of DD/S&T. The travel practices generally include the performance of cost analyses and security inspections at contractors' facilities. It is estimated that the annual total for all negotiators will approximate ten to fifteen trips. The [redacted] 25X1 PD/OL, performs a sizable volume of work for the team and because of this, [redacted] anticipates visiting this [redacted] establishment about every six months, in order to coordinate mutually-interesting activities. [redacted] 25X1 who cares for most of the liaison with the [redacted] also plans 25X1 on visiting that installation periodically. The audit representative, [redacted] 25X1 [redacted] has visited [redacted] once and should continue to strengthen his relationships with the audit representatives of that office. Relations and camaraderie between the team and [redacted] appear to be excellent.

7. The training welfare of the team is primarily under the jurisdiction of the Training Officer for DD/S&T, [redacted] Training brochures and other issuances are received from him and those of possible interest to the team are discussed with him. Several seminars are attended by the personnel. These have been paid for by DD/S&T. It is felt that Office of Logistics' training entities should periodically coordinate the training requirements of the team with the DD/S&T Training Officer. There would be advantage to this when it is considered that logistics-type training offerings might be more commonly familiar to the Logistics" Training Office. It is felt, though, that the training situation of the contracting team is favorable. It is suggested, however, that because of the isolation tendency which will have to be recognized as a potential of all contracting teams, every member of this team should be able to attend the "Trends and Highlights" course given at periodic intervals by the DD/S at [redacted] Also, it behooves the Offices of Logistics, Training, Finance and Security to constantly consider the contracting team in any general training planning for their components.

8. Relations of the contracting team with other elements of the Office of Logistics seem very good. There is no laxity in cooperation, availability of information, or other support. The team does not feel that it is hampered in any way or that its necessary independence has ever been at issue. It does not feel that the reports required of it are onerous and none were recommended for deletion. General information and policy discussion originate in the Procurement Officers' Meetings held by the Deputy Director of Logistics. The team feels that these meetings are worthwhile and perform most adequately the purpose for which founded.

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It was also the opinion of the team that the Contract Review Board was lending guidance in consistency and overall policy in pertinent areas of procurement. The team felt that in matters of concern or conflict, the Contract Review Board could be utilized and the DD/L could especially be contacted at any time for adjudication assistance. As far as internal exchanges of information are concerned, staff meetings are not necessarily held consistently or periodically. This is because the office is considered small enough to facilitate a continuing communication among the employees. Armed Services Procurement Regulations, Government Contracts' Reports (CCH) and other data are circulated. It is believed [redacted] should be allowed to determine the requirements for formal staff meetings and no further comment will be made relative to them. 25X1

9. It was the general feeling that required focal points for coordination services in the decentralized procurement philosophy was rapidly being created through the foregoing instruments. It was suggested that the Procurement Officers' Meetings should be held once each month. With this frequency, the duration and agenda of each meeting could be expanded. It was not felt, however, that individual problems or situations should be aired before all the other attendees at the Procurement Officers' Meetings.

10. Supplies, furniture and the other physical necessities for operation are obtained from OEL/DD/S&T. Specialized forms are obtained from the Office of Logistics.

11. The team has created another advantage of decentralized procurement in that it speedily processes procurement requirements levied upon it. Its last report indicated there were no actions which had been "in house" over 60 days. Most requirements are processed within 30 days, although some have taken from 30 to 60 days. The office makes a vital point of expediting actions and its quick-reaction capability is constantly commended. [redacted] maintains proper logs and controls. He reviews his activities each 30 days in order to spot delays and problems, or matters requiring extra attention. Due to the effectiveness of this management technique, no complicated progress charts are required to be maintained. 25X1

12. The work assignments to personnel are made by [redacted] and usually on the basis of contractor identification. Each negotiator attends to those requirements to be performed by contractors under his jurisdiction. This is considered the more professional and effective way of establishing contractor relations with counterpart Government representatives. The DD/S&T CSI run is received monthly and is closely monitored. Prior to the writing of this report, it was learned that the team has also created a list of cost-type contracts together 25X1

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with the reporting requirements for each. This list will be maintained by each negotiator and coordinated with the CSI run. The computer input will also be expanded to include financial reportings, deliverable items, and progress report data. These things should assist materially in eliminating many former problems of overruns by and lack of report submissions from contractors. After this entire procedure is "shaken down," it is suggested that [redacted] present its fundamentals to the Procurement Officers' Meeting in order that it may be studied by all procurement activities. The entire CSI program is correlated with the Office of Logistics.

13. After the preparation of the procurement instrument is complete, [redacted] reviews it and [redacted] either acts as the alternate or the back-up reviewer in the process. The associate General Counsel, [redacted] visits the office each week and from the legal standpoint performs a post-review of the documents. The security representative reviews each case for its adherence to proper security safeguards. The audit representative does not review the completed documents, and this is quite proper. It would be well to note that the Contract Review Board performs an additional review on those cases properly coming before it. The Board's recommendations are then reviewed by the Director of Logistics and his comments and approval received. Also, it should be stated that in November of 1968, an internal Agency audit was performed in review of the work of the contracting team. The reviewers first visited OEL, then came to the contracting team and spent two weeks reviewing issued contract files. The results are not yet known, but nearly all of the contracts originated by the team were audited. Also, a short review of certain FMSAC contracts was held by the Inspector-General recently and his reaction is believed to have been favorable. 25X1

14. The settlement situation existing at SC&PB/OEL is now current and is being maintained in that status. As in the case of other procurement activities throughout the Government, overhead audits continue to be the principal delaying factor. As Department of Defense Auditors furnish this type of information to Agency auditors, delay in receiving this information likewise delays Agency audit reporting. Property disposition is not a problem and patent problems are not difficult. After audit information is obtained, settlements usually proceed efficiently.

15. The role of the team in source development has not required too much effort. Contractor brochures and other received data are circulated to the technical components. Several potential contractors have been interviewed and members of the team have been requested to sit in with technical personnel when new sources are being discussed. This is an excellent policy and gives much promise of creating a coordination atmosphere in this area. The team does not feel that any great effort should be spent in establishing contracting sources before their actual use is anticipated. Thus, this type of effort should be general in nature. At this time, the team usually follows the lead of DD/S&T technical people in source-choosing. There is no engineer on the team to assist in source selection, but if the need should arise, such a person could be developed in DD/S&T.

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16. The team finds that it must continually educate technical personnel in currently furnishing inspection reports. Where such reports are tied in with contractor reports and billing payments, delays in receiving them are awkward. This is a continuing program which is receiving much attention and cooperation from OEL management. It has been further strengthened by an edict from OEL. The technical personnel in that organization have been directed to maintain a continuing and definite awareness of forecast instances of overruns, scope adjustments and the like. As far as contractors are concerned, another basic effort is being made to obtain reports on time (especially financial reports where required). Additionally, reporting requirements for contractors are being expanded to the extent that financial information is to be furnished along with technical program data. These things are being done in order to eliminate many former "surprise" factors relating to overruns and the like.

17. Most quick-reaction situations encountered by the team are met with work orders. Generally, there is no crash philosophy followed by OEL and it appears that requirements are levied in an orderly manner and that due consideration is given each procurement. The Program Review Committee, chaired by Mr. George Miller and attended by [redacted] reviews each requirement item of $5,000.00 or more. The judgment of the team representative is always sought and respected. Mr. Miller has always made the team representatives feel that they are a part of OEL and a vitally necessary adjunct to the technical function. 25X1

18. The team has no budget responsibilities, either for its own operations or from a technical expenditure standpoint. It does furnish information for its own operations and is constantly aware of possible work loads reflected in budget figures.

19. It is the opinion of the reviewer that the Special Contract and Procurement Branch, Office of ELINT, DD/S&T, activity has begun its existence in admirable fashion. Its relationship with OEL/DD/S&T, [redacted] OL/DD/S, and the other contracting and procurement elements and units of this Agency is excellent. Its performance has been commendable and it has proven to be of great service to OEL/DD/S&T. Greater effort should be directed now toward tightening controls on contract administration and surveillance, especially in the field of overruns, reportings, and adherence to general policy. Recognition must be constantly given the fact that decentralized procurement, as practiced by this procuring activity, 25X1

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requires not only a certain degree of surveillance by the responsible Office of Logistics, but also a certain seeking and acceptance of guidance on the part of the contracting element itself. Through these devices will consistency be maintained.

25X1

[redacted]

Chairman
Contract Review Board

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1 ACRB [redacted] (13 Jan 1969)

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